GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:1629
ANSWERED ON:31.07.2003
DABHOL POWER PROJECT
BHAWANA GAWALI (PATIL);PRAKASH V. PATIL

Will the Minister of POWER be pleased to state:

(a) whether the Government have allowed NTPC to operate controversial Dabhol Power Plant;

(b) whether dispute of tariff structure between Maharashtra State Electricity Board and State Government has been finalized;

(c) whether all the legal complications with Enron of USA have been taken care before starting the Dabhol Phase-I; and

(d) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA)

(a) : The Dabhol Power Plant (Ph.I) has been shut down since 29.05.2001 after the Maharashtra State Electricity Board (MSEB) stopped taking power following contractual disputes with M/s. Dabhol Power Company (DPC) and subsequent rescissions of the Power Purchase Agreement (PPA) by MSEB. The PPA was entered into between MSEB and DPC. Thus, the responsibility to restart Phase-I and complete Phase-II of the Dabhol project lies with the main stakeholders viz. MSEB and DPC as well as the Government of Maharashtra (GOM), who had guaranteed the obligations of MSEB under the PPA. The Indian Financial Institutions (IFIs) led by the Industrial Development Bank of India (IDBI), having substantial stakes in the Dabhol Power Project, have been trying to restructure and revive the Dabhol Plant. Government of India has agreed to facilitate any amicable solution to the various issues in order to revive/restructure the project. Any scheme finalized for revival of the Dabhol Project would come as a comprehensive package and would have to resolve complex, legal, financial and technical issues. While this may take time, as a first step, it has been agreed that an interim revival package for restarting Phase-I be worked out by the concerned agencies. It has been decided that the National Thermal Power Corporation (NTPC) would act as the Operation & Maintenance Contractor for restarting and operating Phase- I on an interim basis.

(b) : GOM has taken a decision to allow the Maharashtra State Electricity Board (MSEB) to draw power form Phase-I (740 MW) of Dabhol Power Project at a Plant Load Factor of 83% at a tariff of about Rs.2.80/KWH, considering the cost of fuel (Naphtha) as a pass through, on an interim basis, subject to approval of the Maharashtra Electricity Regulatory Commission (MERC) and High Court of Maharashtra which has appointed a Receiver for the project. This would be without prejudice to MSEB/GOM`s rights and contentions in the pending arbitration/judicial and MERC proceedings.

(c) & (d) : The proposed restart of Phase-I of Dabhol Power plant is on an interim and adhoc basis and is without prejudice to any pending arbitration/judicial proceedings and rights and contentions of any parties, thereto. The Maharashtra High Court has passed an order on 8th April, 2003 on a petition filed by the IFIs allowing the Court appointed Receiver to take necessary steps, including allowing technical inspection at the site for an assessment of the plant, appointment of Advisers for technical and other assistance, discuss and negotiate terms for suitable arrangements with NTPC, so as to furnish a report to the Court setting out the steps required to restart Phase-I of the plant.